Calendar No. 516

97TH CONGRESS, 2d Session } SENATE { REPORT No. 97-363

AMENDING THE EMERGENCY FUND ACT

APRIL 27 (legislative day, APRIL 13), 1982.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 1628]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 1628) to amend the Emergency Fund Act (Act of June 26, 1948, 62 Stat. 1052), having considered the same, reports favorably thereon with an amendment to the text and recommends that the bill (as amended) do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

That the Act entitled "An Act to authorize an emergency fund for the Bureau of Reclamation to assure the continuous operation of its irrigation and power system", approved June 26, 1948, is amended by striking the words "irrigation and power systems" in the title and substituting the words "project facilities." and by changing the first sentence of Section 1 of the Act to read as follows: "In order to assure continuous operation of all projects and project facilities governed by the Federal reclamation law (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), including any project and facilities constructed with funds provided by the Small Reclamation Projects Act (Act of August 6, 1956, 70 Stat. 1044, and Acts amendatory thereof or supplementary thereto) or with funds provided by the Distribution System Loans Act (Act of May 14, 1956, 69 Stat. 244, and Acts amendatory thereof or supplementary thereto), there is hereby authorized to be appropriated from the reclamation fund an emergency fund which shall be available for defraying expenses which the Commissioner of Reclamation determines are required to be incurred because of unusual or emergency conditions.".

PURPOSE

As ordered reported, S. 1628 would amend the Emergency Fund Act of 1948 so as to allow use of the emergency fund for emergency repair of Bureau of Reclamation project facilities which serve municipal or industrial water supply purposes and facilities constructed pursuant to the Small Reclamation Project Act of 1956 and the Distribution System Loans Act of 1956.

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Background and Need

The emergency fund was originally created to provide a source of ready funding for repair of irrigation or power facilities of Bureau of Reclamation projects. Since passage of the Emergency Fund Act, municipal and industrial water supply features have become increasing frequent components of Bureau projects. In addition, the Emergency Fund Act predates passage of the Small Reclamation Projects Act of 1956 and the Distribution System Loans Act of 1956 and hence, emergency funding has not been available for facilities constructed pursuant to those programs.

Under the Emergency Fund Act, funds are made available to meet unusual or emergency conditions, such as canal bank failures, generator failures, damage to transmission lines; or other physical failures or damage.

The Emergency Fund appropriation is used only to the extent necessary to restore water or power service or to ensure the continuation of service if conditions threaten interruption of such service. The Fund is used if no other federally appropriated funds are available and only until other Federal funds, if needed, can be obtained in a timely manner through the normal appropriation process.

The Emergency Fund Act authority is not used as a means to avoid requesting operation and maintenance or rehabilitation and betterment funds sufficiently in advance to keep project works in a safe operating condition. On projects turned over to water users for operation and maintenance, only those emergencies which cannot be met by the water users out of regular or reserve operation and maintenance funds are considered within the scope of the Emergency Fund Act. Expenditures are reimbursable or returnable depending upon the applicable law or contractual arrangements on reimbursability for the purpose for which the expenditures are made.

Legislative History

S. 1628 was introduced on September 16, 1981 by Senator McClure at the request of the Administration. A hearing was held before the Subcommittee on Water and Power on February 12, 1982.

Similar legislation (S. 2431) was introduced in the 96th Congress and a hearing was held before the Subcommittee on Energy Research and Development of the Senate Committee on Energy and Natural Resources on May 7, 1980. However, Congress adjourned prior to consideration of the measure.

Committee Recommendation and Tabulation of Votes

The Senate Committee on Energy and Natural Resources, in open business meeting on April 21, 1982, by unanimous vote of a quorum present recommended that the Senate pass S. 1628, if amended, as described herein.

The rollcall vote on reporting the measure was 18 yeas and 0 nays as follows:

YEAS	NAYS
Mr. McClure	
Mr. Hatfield	
Mr. Domenici	
Mr. Wallop	
Mr. Warner	
Mr. Humphrey	
Mr. Murkowski	
Mr. Nickles	
Mr. East	
Mr. Heinz	
Mr. Jackson	
Mr. Johnston [1]	
Mr. Bumpers	
Mr. Ford	
Mr. Matsunaga [1]	
Mr. Melcher	
Mr. Tsongas [1]	
Mr. Bradley	

[1] Indicates vote by proxy.

Committee Amendment

The Committee adopted an amendment in the nature of a substitute. The amendment amends the title of the Emergency Fund Act so as to reflect the expanded authority of the program and specifically provides that the fund may be used for emergency situations involving municipal and industrial water supply features of Bureau of Reclamation projects and facilities constructed pursuant to the Small Reclamation Projects Act of 1956 and the Distribution System Loans Act of 1956.

Cost and Budgetary Considerations

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. Congress,
Congressional Budget Office,
Washington, D.C., April 22, 1982.

Hon. James A. McClure,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 1628, a bill to amend the Emergency Fund Act, as ordered reported by the Senate Committee on Energy and Natural Resources, April 21, 1982.

This bill extends the authority of the Commissioner of Reclamation to use the Bureau of Reclamation emergency fund for emergency repair of facilities that serve municipal or industrial water supply purposes, and facilities constructed pursuant to the Small Reclamation Project Act and the Distribution System Loans Act. Under the

Emergency Fund Act, water districts are loaned funds for emergency repair work on irrigation and power projects. Repayment schedules are determined based on the water district's capability to repay their loans. Since fiscal year 1979, on the average, emergency fund loans have been repaid during the three years following the loan. Assuming a constant proportion of emergency funds will be necessary for projects given authority to receive loans from the emergency fund under this bill, and assuming payback schedules similar to historical trends, net average additional outlays by the federal government resulting from enactment of S. 1628 will be less than $100,000 per year.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred on the passage of S. 1628.

It is the Committee's expressed opinion that the bill is not a regulatory measure in the sense of imposing Government established standards or significant responsibilities on private individuals or businesses and that little, if any, additional paperwork would result from enactment of S. 1628 other than that which would normally be associated with the Emergency Fund Act program.

EXECUTIVE COMMUNICATIONS

The pertinent legislative report received by the Committee from the Department of the Interior setting forth executive agency recommendations relating to S. 1628 is set forth below:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 7, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is enclosed a draft of a proposed bill, "To amend the Emergency Fund Act (Act of June 26, 1948, 62 Stat. 1052)."

We recommend that the bill be introduced and swiftly enacted.

Public Law 80–790 (the Act of June 26, 1948, 62 Stat. 1052), referred to as the Emergency Fund Act, authorized the appropriation of an emergency fund for the Bureau of Reclamation to ensure the continuous operation of its irrigation and power systems on projects governed by the Federal Reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto). Funds are made available to the Emergency Fund in annual appropriation acts. The Emergency Fund authority can be used only for the emergency protection and repair of irrigation and power systems being

operated and maintained by the Bureau and for those systems for which title is vested in the United States but which are being operated and maintained by other entities pursuant to provisions of an operating contract.

Under the Emergency Fund Act, funds are made available to meet unusual or emergency conditions, such as canal bank failures, generator failures, damage to transmission lines; or other physical failures or damage, acts of God such as fires, floods, drought or epidemics, strikes, freight embargoes, or conditions causing or threatening to cause interruption of water or power service. Use of funds must be approved by the Commissioner of Reclamation except in extreme emergencies, when regional or project officials may incur obligations in advance of the Commissioner's approval, in order to prevent any possible loss of life.

The Emergency Fund appropriation is used only to the extent necessary to restore irrigation or power service or to assure the continuation of service if conditions threatens interruption of such service. The Fund is used if no other federally appropriated funds are available and only until other Federal funds, if needed, can be obtained in timely manner through the normal appropriation process. If it will require several months to complete repairs or replacement, the appropriation of other Federal funds is requested as soon as possible. The Emergency Fund Act authority is not used as a means to avoid requesting operation and maintenance or rehabilitation and betterment funds sufficiently in advance to keep project works in a safe operating condition. On projects turned over to water users for operation and maintenance, only those emergencies which cannot be met by the water users out of regular or reserve operation and maintenance funds are considered within the scope of the Emergency Fund. Expenditures are reimbursable or returnable depending upon the applicable law or contractual arrangements on reimbursability for the purpose for which the expenditures are made. The amendment makes no change in existing law on reimbursability.

Funds for the repair or replacement of the numerous water systems constructed by the Bureau to serve municipal or industrial purposes are not available under the present terms of the Emergency Fund Act.

The proposed bill would broaden the Act to permit the use of emergency funds for the repair of all project facilities for all projects governed by the Federal reclamation laws, where title is vested in the United States, including those which are serving municipal or industrial purposes. Emergency funds would be used only when such use would be needed to restore service or to prevent loss of service or further damage to project facilities.

If the proposed bill becomes law, we would expect use of the emergency Fund to increase; however, with the recent agency reorganization and the transfer of a large portion of our power facilities, particularly transmission lines, which have previously relied heavily on the Emergency Fund, to the Department of Energy, we cannot yet predict the net overall impact on use of the Fund. Our amendment conforms the Act to current conditions by recognizing the reorganization of most power functions out of Interior.

The bill is consistent with the purposes of the Emergency Fund Act and would enable the Commissioner to deal more adequately with emergency situations not now covered by the Act and to maintain continuous operation of all project facilities. Such a change is desirable to protect project beneficiaries from damage or economic loss, to protect the repayment capacity of project beneficiaries, and to protect the United States investment.

We recommend that the bill be introduced and enacted.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely,

GARREY GARROTHERS,
Assistant Secretary.

Enclosure.

A BILL To amend the Emergency Fund Act (Act of June 26, 1948, 62 Stat. 1052)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to authorize an emergency fund for the Bureau of Reclamation to assure the continuous operation of its irrigation and power systems," approved June 26, 1948, is amended as follows: (1) by changing the first sentence of the Act to read as follows: "In order to assure continuous operation of all projects and project facilities governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) and for which title is held by the United States, there is hereby authorized to be appropriated from the reclamation fund an Emergency Fund which shall be available for defraying expenses which the Commissioner of Reclamation determines are required to be incurred because of unusual or emergency conditions."

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, S. 1628, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

An act to authorize an emergency fund for the Bureau of Reclamation to assure the continuous operation of its [irrigation and power systems.] *project facilities.*

ACT OF JUNE 26, 1948 (CH. 676, 62 STAT. 1052)

SECTION 1. In order to assure continuous operation of [irrigation or power systems operated and maintained by the Bureau of Reclamation, Department of the Interior,] *all projects and project facilities governed by the Federal reclamation law (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), including any project and facilities constructed with funds provided by the Small Reclamation Projects Act (Act of August 6, 1956, 70 Stat. 1044, and Acts amendatory thereof or supplementary thereto)*

or with funds provided by the Distribution System Loans Act (Act of May 14, 1956, 69 Stat. 244, and Acts amendatory thereof or supplementary thereto), there is hereby authorized to be appropriated from the reclamation fund an emergency fund which shall be available for defraying expenses which the Commissioner of Reclamation determines are required to be incurred because of unusual or emergency conditions.

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Calendar No. 517

97TH CONGRESS, 2d Session } SENATE { REPORT No. 97-364

AUTHORIZING REHABILITATION OF THE BELLE FOURCHE RECLAMATION PROJECT, SOUTH DAKOTA

APRIL 27 (legislative day, APRIL 13), 1982.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 933]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 933) to authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

The amendments are as follows:

1. Page 2, line 10, strike "or" and insert "of".

2. Page 3, line 6, following the word "revenues" insert the phrase "of the unit shall be returnable from net revenues".

3. Page 3, line 12, following the word "connection" insert the phrase "with the Belle Fourche unit shall be in accordance".

4. Page 4, line 13, insert the following new section and renumber the existing section accordingly:

> SEC. 7. The Secretary is authorized to amend existing contracts and enter into additional contracts as may be necessary to implement and facilitate any future agreement between the Belle Fourche Irrigation District and non-Federal entities involving the sale of Belle Fourche Project water for use by such non-Federal interest for other than irrigation purposes; provided that, the net proceeds from such transactions between the Secretary, the Belle Fourche Irrigation District, and such non-Federal interest shall be paid to the United States as reimbursement of the cost of the works authorized by this Act, that such transactions are not in violation of applicable state laws, and that such transactions

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shall be subject to the consent and conditions of the State of South Dakota to such water use by such non-Federal interest in accordance with the laws of South Dakota and the provisions of the Belle Fourche River Compact between the States of Wyoming and South Dakota to which the consent of Congress was given in the Act of February 26, 1944 (ch. 64, 58 Stat. 94).

5. Page 4, line 13, following the word "appropriated" insert the phrase "beginning October 1, 1982,".

PURPOSE

As ordered reported, S. 933 would reauthorize the existing Belle Fourche reclamation project in South Dakota as a unit of the Pick-Sloan Missouri Basin Program, authorize rehabilitation of project facilities and the appropriation of related funds, expand project purposes, and allow the proceeds from the sale of project related water to be applied towards project costs.

BACKGROUND

The Belle Fourche project is located in Butte and Meade Counties in Western South Dakota. The project was constructed during 1904–1915 and was one of the first reclamation projects designed and built by the then Reclamation Service (now the Bureau of Reclamation). As one of the first projects built, it was not subject to modern construction criteria or technology and most of the project structures and features have served their expected useful lives or have become obsolete.

In spite of difficult soil, climatological, and project design handicaps, farmers on the Belle Fourche project have been successful and the project is the mainstay of the local economy. However, operation and maintenance costs have risen and the reliability of the project has deteriorated. The project is in need of modernization and improvement in order to:

1. restore reliability,
2. reduce operation and maintenance costs,
3. conserve water,
4. improve supply distribution,
5. provide safety features,
6. restore capacity, and
7. reclaim lands lost to seepage.

Unlike most reclamation projects, irrigators on the Belle Fourche project do not benefit from revenues from the sale of project related hydroelectric power. Financial studies indicate that as an independent unit, the income to the project would be insufficient to retire the debt incurred under the proposed rehabilitation and betterment project. However, by including Belle Fourche as a unit of the Pick-Sloan program, sufficient power revenues would be available to repay that portion of the costs which exceed the capacity of the irrigators to pay—and without an increase in power rates to the consumers in the Missouri River Service area.

Enactment of the bill would have the net effect of putting the Belle Fourche project on an equal footing with more modern projects presently subsidized by power revenues, while at the same time enhancing the long term viability of the social and economic welfare of the area.

Project statistics

The Belle Fourche project consists of about 57,100 acres of irrigable land along the Belle Fourche River. Major project features include the Belle Fourche Diversion Dam on the Belle Fourche River, a reservoir with a capacity of 185,000 acre feet of storage located in the Owl Creek drainage basic behind Belle Fourche Dam, a 6 and ½ mile inlet canal, 94 miles of irrigation canals, 450 miles of laterals, and 230 miles of drains. Major crops include hay, forage, pasture and cereals. Average gross farm income per farm in 1979 was $21,235.00.

LEGISLATIVE HISTORY

S. 933 was introduced on April 8, 1981. A field hearing was held by the Subcommittee on September 11, 1981, in Newell, S.D. A Washington hearing was held on February 12, 1982.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business meeting on April 21, 1982, by unanimous vote of a quorum present recommended that the Senate pass S. 933, if amended, as described herein.

The rollcall vote on reporting the measure was 18 yeas and 0 nays as follows:

YEAS	NAYS
Mr. McClure	
Mr. Hatfield	
Mr. Domenici	
Mr. Wallop	
Mr. Warner	
Mr. Humphrey	
Mr. Murkowski	
Mr. Nickles	
Mr. East	
Mr. Heinz	
Mr. Jackson	
Mr. Johnston [1]	
Mr. Bumpers	
Mr. Ford	
Mr. Matsunaga [1]	
Mr. Melcher	
Mr. Tsongas [1]	
Mr. Bradley	

[1] Indicates vote by proxy.

COMMITTEE AMENDMENTS

1. Technical.
2. Clarifying.
3. Clarifying.
4. At both the Newell and Washington, D.C. hearings, interest was expressed in providing authority in S. 933 to allow the use of Belle Fourche Project water for other than irrigation uses. There is a significant potential for "saving" water should the rehabilitation and betterment activities as authorized in S. 933 be undertaken and this amendment would authorize such other use. However, it should be noted that sales of project water should be subject to the appropriate State law and that net proceeds from the sales would be paid to the United States as reimbursement of the costs of the works authorized in S. 933.
5. Technical.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs associated with this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 23, 1982.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 933, a bill to authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

APRIL 23, 1982.

1. Bill number: S. 933.
2. Bill title: A bill to authorize rehabilitation of the Belle Fourche irrigation project, and for other purposes.
3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources, April 21, 1982.
4. Bill purpose: This bill reauthorizes the Belle Fourche reclamation project as a unit of the Pick-Sloan Missouri Basin program and expands the project purposes to include water conservation, recreation, and fish and wildlife conservation and development. The bill also authorizes the Secretary of the Interior to negotiate an amendatory repayment contract with the Belle Fourche irrigation district. In addition, S. 933 authorizes the appropriation of funds for the rehabilitation and betterment of irrigation facilities and recreation and fish and wildlife measures at the Belle Fourche unit.

5. Cost estimate: [1]

	Millions
Estimated authorization level:	
Fiscal year:	
1983	$3.3
1984	3.5
1985	3.7
1986	3.9
1987	4.2
Estimated outlays:	
Fiscal year:	
1983	3.3
1984	3.5
1985	3.7
1986	3.9
1987	4.2

The costs of this bill fall within budget function 300.

6. Basis of estimate: For the purpose of this estimate, it is assumed that all funds authorized will be appropriated incrementally as work progresses on the project. The bill authorizes a total of $42 million based on January 1981 price levels and provides for increases in this amount to adjust for inflation. Assuming rehabilitation of the unit takes 15 years and that work progresses at a constant rate, and adjusting costs to reflect a 6 percent annual inflation rate, it is anticipated that the rehabilitation and betterment of the Belle Fourche unit will require a total of approximately $77 million. It is anticipated that approximately $235,000 of this amount will be repaid annually by the Belle Fourche irrigation district during fiscal years 1989 through 2029, based on an ability-to-pay calculation prepared by the Bureau of Reclamation. The remaining $68 million will be repaid through rates charged power users of the Pick-Sloan Missouri Basin project.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Debbie Goldberg.

10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred on the passage of S. 933.

It is the Committee's expressed opinion that the bill is not a regulatory measure in the sense of imposing Government-established standards or significant responsibilities on private individuals or businesses and that little, if any, additional paperwork would result from enactment of S. 933 other than that which would normally be associated with such a Federal construction program.

[1] Estimated outlays are for rehabilitation and betterment construction at the Belle Fourche unit. A portion of these funds (based on the ability to pay) will be repaid by the Belle Fourche irrigation district over a period not exceeding 40 years from the date of the repayment contract execution. The remainder of the costs of the improvements will be repaid through rates charged power users of the Pick-Sloan Missouri Basin project. Since repayments will not begin until significant benefits from the rehabilitation are being accrued, no repayment revenues are reflected in the table above. The Bureau of Reclamation estimates that the Belle Fourche water district will be able to repay approximately $235,000 annually (or a total of $9.4 million over the 40-year repayment period).

EXECUTIVE COMMUNICATIONS

Although S. 933 was referred to the Department of the Interior and the Office of Management and Budget on September 21, 1981, for comment, no legislative reports were received. However, following is the statement submitted by the Department of the Interior at the Subcommittee hearing on February 12, 1982.

STATEMENT OF ROBERT N. BROADBENT, COMMISSIONER, BUREAU OF RECLAMATION OF THE DEPARTMENT OF THE INTERIOR

Mr. Chairman and members of the subcommittee, I am pleased to appear here today to testify on S. 933.

The proposed bill would authorize an appropriation of $42 million (January 1981 price levels), plus or minus amounts justified by reason of fluctuations in construction costs indexes for the types of construction involved. These expenditures would encompass construction activities associated with the development of new facilities and to rehabilitate existing works to provide water conservation, recreation, and fish and wildlife benefits. The general plan of the existing Belle Fourche Project, previously authorized for construction May 10, 1904, would be modified and reauthorized as the "Belle Fourche Unit" of the Pick-Sloan Missouri Basin Program. Such reauthorization would allow surplus Pick-Sloan Missouri Basin Program power revenues to be used for repaying costs assigned to irrigation that are above the water users' ability to pay.

I am opposed to the proposed bill. The proposed bill is contrary to the Administration's policy requiring direct beneficiaries of Federal projects to pay for the costs of the benefits they receive. I do not believe that this program would be in the best interests of the Federal taxpayer, nor should we require the power customers of the Pick-Sloan Missouri Basin Program to repay 70 percent or more of these rehabilitation and betterment costs.

Section 2 of the bill would require the Secretary of the Interior to negotiate a repayment contract which would fix the obligation to be repaid by the water users in not more than 40 years from its execution. Since our policy is to have an executed contract prior to construction, the proposed bill would reduce the time period for repayment to something less than 40 years. Our estimate shows that even if repayment were extended to 50 years, at least $30.3 million of future net power revenues will be required to assist in the repayment of the proposed work, exclusive of any miscellaneous revenues.

As you know, the majority of the expenditures would be assigned to irrigation, and under Reclamation law, irrigation costs are considered interest-free. The cost of the program would have to be financed through tax revenues and/or by public debt instruments. Such financing carries real interest costs for the general taxpayer and would not be returned by the local beneficiaries or power customers.

Mr. Chairman, thank you for the opportunity to appear before this committee. I will be pleased to respond now to questions that you or other committee members may have.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the committee notes that no changes in existing law are to be made by the bill, S. 933, as reported.

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